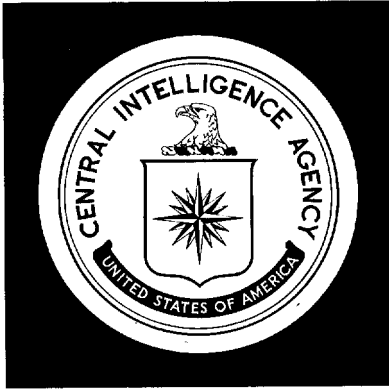


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DIRECTORATE OF  
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CAMBODIA: Sirik Matak's future role in the government is in increasing doubt as Lon Nol struggles to form a new government.

In the wake of continuing student protests calling for his exclusion from the government, Matak has publicly petitioned Lon Nol for permission to return to private life. It is possible that Matak may have second thoughts about quitting, and Lon Nol, mindful of the need for Matak's skills, may try to induce him to stay on. But if Matak does bow out of the government, even on a temporary basis, his departure will be widely interpreted as a unique and significant political victory for the students and those Buddhist and intellectual elements who supported the student protests. Such success could encourage the students to agitate on other issues.

Lon Nol is having trouble finding a prominent civilian to fill the prime ministership. Several old-line politicians have already spurned his offers to head up a new cabinet. Their reluctance seems to reflect the widespread belief that the new government will be dominated by the military establishment.

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ISRAEL-JORDAN: Prime Minister Meir's prompt public dismissal of King Husayn's West Bank plan has re-emphasized Israel's insistence on direct negotiation as the sole means to a peace settlement. [Husayn probably expected this reaction, which nevertheless leaves his proposal available as a model for a post-settlement Palestinian state.]

In a short, formal statement issued by her office and in a long and eloquent address to the Knesset, Mrs. Meir yesterday deplored the manner of the King's presentation of his plan and categorically denied that Israel had been consulted on it. She softened her denunciation of the King's "pretentious and one-sided" action with favorable comments on Jordan's internal stability and its abstention from the Arab eastern military front. She urged on the King a "bold and realistic effort" to reach agreement with Israel through serious peace negotiations. Until then, she said, Israel would continue to govern the West Bank as it has since 1967, and will oppose any outside political or military efforts to alter the existing situation.

Despite Mrs. Meir's statement that the King's unilateral proclamation "cannot serve as a basis for an agreement" and her scornful rejection of the idea of a Palestinian regional capital in Jerusalem, one of the King's purposes in presenting his plan has been served. His basic requirements for a West Bank settlement are now clearly on record, and they will have to be addressed should any serious negotiations take place. He has also given the West Bank residents, who will shortly begin the election of municipal officers under Israeli sponsorship, a concept of eventual autonomy from direct rule by either Israel or Jordan. Other claimants to the administration of Palestine, notably the Palestine Liberation Organization, will be under pressure to develop concepts that are as attractive to Palestinians as the one Husayn has produced.

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PAKISTAN: President Bhutto, just before he left for Moscow, indicated to Indian newsmen his willingness to end the policy of confrontation with India over Kashmir, leaving the resolution of the dispute to the local inhabitants.

Pakistani politicians, heretofore, had taken the line that Kashmir, whose Hindu ruler acceded to India at the time of independence in 1947, rightfully belongs with Pakistan because the majority of its people are Muslim. Islamabad, therefore, was committed to helping the Kashmiris in their drive for self-determination. Now, however, Bhutto is saying that any such fight would be basically the Kashmiris', as the "struggle for self-determination cannot be inspired from outside."

India hopes to negotiate an end to the confrontation between the two countries over Kashmir, and Bhutto now appears to be signaling that he is ready to begin peace talks on this basis. He has been under great pressure to secure the release of some 90,000 Pakistani prisoners of war held in India, and he may believe that by demonstrating flexibility on Kashmir he can make progress toward a resolution of the prisoner-of-war issue. [REDACTED]

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SWEDEN: The Palme government will extend Stockholm's aid program to North Vietnam beyond next year, a move designed primarily to bolster support from the Swedish left.

Speaking to the Swedish Vietnam Committee on 11 March, Foreign Minister Wickman pledged additional aid to Hanoi when Sweden's current three-year \$45-million program expires in 1973. The program features redevelopment loans, primarily for papermills to be constructed after hostilities cease. Some projects have moved from the feasibility study level to preliminary engineering work.

In an effort to minimize adverse reaction abroad, Wickman claimed that Sweden's policy is pro-Vietnam but not anti-American. The ruling Social Democrats have made a practice during periods of domestic difficulties of drawing attention to their "vanguard" policies on Vietnam in order to reinforce support from the Swedish left. Wickman's remarks seem to have been intended for home consumption.

The Palme government faces an abundance of domestic problems. Housewives, angered by high food prices, have staged street demonstrations. On 8 March the government lost a vote in the Riksdag on a proposal to enhance central government control at the expense of the provinces when the Communists, on whom it relies for a parliamentary majority, abstained.

There was no growth in real gross national product last year, and the economy is suffering from stagnating industrial production and rising unemployment. A cyclical upswing is expected this spring and the government is playing for time, hoping for improvements in the economy before next year's elections.

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